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DE RUEHME #0059/01 0051953  
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FM AMEMBASSY MEXICO  
TO RUEHC/SECSTATE WASHDC PRIORITY 4799  
INFO RUEHXC/ALL US CONSULATES IN MEXICO COLLECTIVE PRIORITY  
RUCPDO/DEPT OF COMMERCE WASHDC PRIORITY  
RUEHRC/DEPT OF AGRICULTURE WASHDC PRIORITY  
RHEBAAA/DEPT OF ENERGY WASHINGTON DC PRIORITY  
RUEHC/DEPT OF LABOR WASHDC PRIORITY  
RUEATRS/DEPT OF TREASURY WASHDC PRIORITY  
RHMFIUU/CDR USSOUTHCOM MIAMI FL PRIORITY  
RHMFIUU/CDR USNORTHCOM PRIORITY  
RHEHNSC/NSC WASHDC PRIORITY

UNCLAS SECTION 01 OF 02 MEXICO 000059

SIPDIS

SENSITIVE  
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STATE FOR A/S SHANNON  
STATE FOR WHA/MEX, WHA/EPSC, EB/IFD/OMA  
STATE FOR EB/ESC MCMANUS AND IZZO  
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USDOC FOR 4320/ITA/MAC/WH/ONAF/ARUDMAN  
USDOC FOR ITS/TD/ENERGY DIVISION  
USDOC FOR NTIA JCOFFIN  
TREASURY FOR IA (ALICE FAIBISHENKO)  
DOE FOR INTERNATIONAL AFFAIRS KDEUTSCH AND ALOCKWOOD  
STATE PASS TO USTR (EISSENSTAT/MELLE)  
STATE PASS TO FEDERAL RESERVE (CARLOS ARTETA)  
STATE PASS TO FCC (EMILY TALOG)  
NSC FOR DAN FISK

E.O. 12958: N/A

TAGS: [ECON](#) [ECPS](#) [EFIN](#) [ELAB](#) [MX](#) [PGOV](#) [PREL](#)

SUBJECT: MEXICO ECONOMIC NOTES, DECEMBER 28, 2006 - JANUARY 5, 2007

REF: A. MEXICO 7110  
[1](#)B. MEXICO 6973

Sensitive but unclassified.

Summary  
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[1](#)1. (SBU) The Embassy held its second meeting with new Under Secretary for Communications Rafael del Villar who again

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asked to exchange views with USG officials on key telecom issues (Refs A and B) National Action Party (PAN) Secretary General Jose Espinosa called for a third television network. The Mexican Ambassador in Venezuela called attention to A Mexico-Venezuela trade agreement under negotiation. Cane workers and government officials restarted negotiations on a long-stalled sugar law. A Chinese official said he expected increased Chinese investment in Mexico, and the local press picked up a Department of Energy report critical of the Mexican oil sector. End Summary.

Communications Under Secretary Seeks Dialog with U.S.  
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[1](#)2. (SBU) On January 5, Embaffs met for a second time with new U/S for Communications Rafael del Villar and his staff for what del Villar would like to become regularly scheduled informal gatherings to exchange ideas. Del Villar also invited officials from the Canadian Embassy to the January 5 meeting. Del Villar said his interest was in exchanging ideas that could help extend telecom services to rural, poor communities in Mexico that were cut off from development. He

also noted the goal of attracting investment to Mexico to create high value jobs and improving competitiveness in North America. Specifically, del Villar and his staff asked for information on U.S. and Canadian experiences in policies and regulation regarding broadband and wireless access, access to the internet, Voice over Internet Protocol (VOIP), television digitalization, telecom convergence, electronic signatures, and administration of radioelectronic spectrum for current and future services. They also asked how the U.S. and Canadian governments were organized to regulate telecommunications and establish policies, including the split between federal, state and municipal responsibilities for extending telecom services to their people. Regarding calling party pays (CPP), del Villar said his Ministry was aware that the new system for charging for cell phone calls to Mexico had hit U.S. customers hard, was worried about U.S. perceptions, and wanted to hear U.S. views on CPP implementation in Mexico. Emboffs agreed to provide information on these topics, and to look into coordinating digital video conferences to link Secretariat of Communications and Transportation (SCT) officials with relevant USG experts.

#### PAN Supports Greater Competition in Broadcasting

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13. (U) PAN Secretary General Jose Espina told the press that further competition in the broadcast sector was an important step for Mexican modernization; and, the PAN would support approval of additional broadcast networks to bring competition to the industry, though he stopped short of saying the PAN would propose new legislation.

#### Mexico Seeking New Trade Agreement with Venezuela

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14. (U) Mexican Ambassador to Venezuela Nicolas Escalante announced that Mexico and Venezuela have been negotiating a trade agreement following Venezuela's decision to quit the G-3 (Mexico, Venezuela, and Colombia). The new agreement will be developed under the guidelines of the Latin American Integration Association (ALADI). Mexico-Venezuela trade had increased substantially during the previous decade when the G-3 arrangement was in place.

#### Cane Union Optimistic on Sugar Law Deal to Spur Production

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15. (U) Carlos Blackaller, leader of Mexico's Nation Cane Workers Union (UNC) announced that talks have begun with incoming Agriculture Secretary Alberto Cardenas over interpretation of Mexico's 2005 Sugar Cane Law. Workers and the government agreed to push the process forward to spur production. They believe Mexico could place 400 thousand additional tons of cane sugar in the U.S. market. The law, passed in 2005 has not been brought into force under an agreement between the executive and legislative branches. Parts of the text had been declared unconstitutional by Mexico's Supreme Court.

#### Chinese Trade Representative on Mexico

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16. (U) An Dali, Chinese Counsel for International Trade Promotion told the press that Chinese investors in Mexico were most interested in the logistics, automotive and auto parts, and general manufacturing sectors. As the United States continued its de-industrialization, Canada will be replaced by China as the United States' leading supplier with Mexico in second position, he added.

#### Press Raises an Eyebrow at DOE Report

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17. (U) Left-leaning daily "La Jornada" noted publication of a new Department of Energy Energy Information Agency Report on Mexico with the front page headline "Mexico, open to permitting energy investment: US." Nonetheless, the story has seemed to go no further, and we have heard comments only from industry insiders.

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